
RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 22 2012**



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RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5

INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
ReNEW – Reinventing Education
New Orleans, Louisiana:

We have audited the accompanying statements of financial position of ReNEW – Reinventing Education ("ReNEW") as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of ReNEW's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ReNEW's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ReNEW – Reinventing Education as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011, on our consideration of ReNEW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Postlethwaite + Netterville

New Orleans, Louisiana
December 30, 2011

RENEW – REINVENTING EDUCATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	<u>ASSETS</u>	
	<u>2011</u>	<u>2010</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents, unrestricted	\$ 652,584	\$ -
Cash and cash equivalents, restricted	589,582	207,300
Grants receivable, unrestricted	319,465	221,983
Grants receivable, restricted	-	97,216
Prepaid expenses	27,481	-
Total current assets	1,589,112	526,499
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>477,376</u>	<u>195,182</u>
Total assets	<u>\$ 2,066,488</u>	<u>\$ 721,681</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 958,505	\$ 236,460
Current portion of capital leases payable	23,644	-
Note payable	300,000	-
Total current liabilities	1,282,149	236,460
<u>LONG-TERM LIABILITIES</u>		
Long-term portion of capital leases payable	51,156	-
Total liabilities	1,333,305	236,460
<u>NET ASSETS</u>		
Unrestricted	143,601	180,705
Temporarily restricted	589,582	304,516
Total net assets	733,183	485,221
Total liabilities and net assets	<u>\$ 2,066,488</u>	<u>\$ 721,681</u>

The accompanying notes are an integral part of these financial statements.

RENEW - REINVENTING EDUCATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2011 AND 2010

	Year ended June 30, 2011			Year ended June 30, 2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT						
Federal government	\$ 4,254,981	\$ -	\$ 4,254,981	\$ 600,000	\$ -	\$ 600,000
State and local governments	9,615,416	-	9,615,416	-	-	-
Private grants and donations	419,070	1,120,000	1,539,070	25	1,286,282	1,286,307
Other revenue	14,781	-	14,781	2	-	2
Net assets released from restrictions	834,934	(834,934)	-	981,766	(981,766)	-
Total revenues and other support	15,139,182	285,066	15,424,248	1,581,793	304,516	1,886,309
EXPENSES						
Program services						
Regular education programs	6,534,504	-	6,534,504	-	-	-
Operation and maintenance of plant	1,009,616	-	1,009,616	-	-	-
Special education programs	695,399	-	695,399	-	-	-
School administration	1,398,540	-	1,398,540	969,043	-	969,043
Instructional staff services	97,824	-	97,824	-	-	-
Food service operations	125,461	-	125,461	-	-	-
Pupil support services	1,298,099	-	1,298,099	-	-	-
Student activities	1,769,615	-	1,769,615	-	-	-
Other instructional programs	1,060,922	-	1,060,922	-	-	-
Management and general						
General administration	1,186,306	-	1,186,306	432,045	-	432,045
Total expenses	15,176,286	-	15,176,286	1,401,088	-	1,401,088
Change in net assets	(37,104)	285,066	247,962	180,705	304,516	485,221
NET ASSETS, BEGINNING OF YEAR	180,705	304,516	485,221	-	-	-
NET ASSETS, END OF YEAR	\$ 143,601	\$ 589,582	\$ 733,183	\$ 180,705	\$ 304,516	\$ 485,221

The accompanying notes are an integral part of these financial statements.

RENEW - REINVENTING EDUCATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 247,962	\$ 485,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	152,182	-
Changes in operating assets and liabilities:		
Grant receivable	(266)	(319,199)
Prepaid expenses	(27,481)	-
Accounts payable	722,045	236,460
	<u>1,094,442</u>	<u>402,482</u>
Net cash provided by operating activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(337,222)	(195,182)
	<u>(337,222)</u>	<u>(195,182)</u>
Net cash used in investing activities		
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from note payable	300,000	-
Payments on capital leases	(22,354)	-
	<u>277,646</u>	<u>-</u>
Net cash provided by financing activities		
Net increase in cash	1,034,866	207,300
Cash and cash equivalents, beginning of year	207,300	-
Cash and cash equivalents, end of year	<u>\$ 1,242,166</u>	<u>\$ 207,300</u>
<u>SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	<u>\$ 19,168</u>	<u>\$ -</u>
<u>NON-CASH TRANSACTIONS</u>		
Equipment acquired through capital leases	<u>\$ 97,154</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

ReNEW – Reinventing Education (“ReNEW”), incorporated on June 6, 2009, is an educational institution organized to turn around a failing school by providing improved educational opportunities to prepare students for the New Orleans’ selective admission public and private high schools.

The Board of Elementary and Secondary Education (BESE) approved the granting of two charters to ReNEW effective June 8, 2010 for an initial period ending on June 30, 2013, to operate two Type 5 Charter Schools, as defined in LA R.S. 17:3996. ReNEW commenced operations with the 2010-2011 school year. At June 30, 2011, ReNEW operated two schools, SciTech Academy at Laurel Elementary School and Batiste Cultural Arts Academy at Live Oak Elementary School.

On December 9, 2010, the Louisiana Board of Elementary and Secondary Education approved three (two alternative high schools and a K-8 school) additional charters for ReNEW. Subsequent to year end, ReNEW opened three new charter schools, ReNEW Accelerated High School #1 - City Park Campus, ReNEW Accelerated High School #2 – West Bank Campus, and Reed Elementary, which began operations on July 1, 2011. The two Accelerated High Schools and Reed Elementary were opened to students on August 1, 2011.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board under *ASC No. 958 Not-for-Profit Entities*.

ReNEW is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of ReNEW and changes therein are classified and reported as follows:

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of ReNEW and/or the passage of time.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of ReNEW pursuant to those stipulations.

Cash and Cash Equivalents

Cash includes amounts on deposit at local financial institutions.

Property and Equipment

The land, building and building improvements used to operate ReNEW are owned by the Recovery School District (RSD) and, as such, are recorded on the financial statements of the RSD. The RSD also provides ReNEW with furniture and equipment that is also recorded on the RSD's financial statements and not reported by ReNEW. ReNEW only reports its direct purchases of leasehold improvements, furniture and equipment. ReNEW has adopted the practice of capitalizing all expenditures for depreciable assets where the unit costs exceed \$1,000. Property is recorded at cost or at fair value for donated assets. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives of 3 to 4 years for furniture and equipment and 5 years for leasehold improvements.

Contributions and Revenue Recognition

ReNEW reports contributions of cash or other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the statement of activities.

Revenues from federal and state grants are recorded when ReNEW has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by ReNEW, or when otherwise earned under the terms of the grants.

Contributed Services

In addition, ReNEW receives services donated by parents and community members in carrying out ReNEW's mission. The value of these services is not recognized in the accompanying financial statements due to their unspecialized nature.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in Note 7. Accordingly, certain costs have been allocated among the instructional and supporting services benefited.

Tax Exempt Status

ReNEW is a nonprofit organization exempt from the income taxes under provisions of the Internal Revenue Service Code Sections 501(c) (3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes.

ReNEW applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, ReNEW has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities, therefore the implementation of this standard has not had a material effect on ReNEW. ReNEW’s tax return for the year ended June 30, 2010 remains open and is subject to examination by taxing authorities. ReNEW’s 2011 tax return has not been filed as of the report date and is on a valid extension.

Reclassifications

Certain accounts in the 2010 financial statements have been reclassified to conform to the current year presentation.

2. Grants Receivable

Grants receivable as of June 30 are as follows:

	2011	2010
Due from federal government	\$ 307,085	\$ 221,983
Due from foundations	-	97,216
Due from State of Louisiana	12,380	-
	<u>\$ 319,465</u>	<u>\$ 319,199</u>

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

3. Property and Equipment

A summary of property and equipment at June 30 is as follows:

	2011	2010
Furniture and equipment	\$ 514,469	\$ 195,182
Leasehold improvements	115,089	-
	629,558	195,182
Less accumulated depreciation	(152,182)	-
Total property and equipment, net	\$ 477,376	\$ 195,182

4. Temporarily Restricted Net Assets

A summary of the composition of temporarily restricted net assets at June 30 is as follows:

	2011	2010	Restriction
Entergy Corporation	\$ 10,000	\$ -	Second Harvest
			Backpack Program
Libby DuFour Foundation	122		Bathroom renovations
New Schools for New Orleans	-	22,916	Administrative services
New Schools for New Orleans	-	75,000	Travel
- Capacity Grant			
New School Venture Fund	-	8,446	Facilities
Veolia Water North America	10,000	-	Second Harvest
			Backpack Program
Walton Family Foundation	204,441	198,154	Technology
Walton Family Foundation	4,625	-	Student data system
Walton Family Foundation	30,000	-	Security cameras
Walton Family Foundation	5,000	-	Student uniforms
Walton Family Foundation	140,000	-	Curriculum
Walton Family Foundation	30,000	-	Recruitment
Walton Family Foundation	155,394	-	Administrative staff
	\$ 589,582	\$ 304,516	

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

5. Capital Leases Payable

In July 2010, ReNEW entered into two capital lease arrangements to finance the purchase of copiers. The copiers had a cost of \$97,154 and accumulated depreciation of \$24,288 at June 30, 2011.

Future minimum lease payments under capital leases as of June 30, 2011 are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 26,921
2013	26,921
2014	26,921
Total minimum lease payments	80,763
Less: amount representing interest	5,963
Present value of future minimum lease payments	74,800
Less: current portion	23,644
Long-term portion of capital leases	<u>\$ 51,156</u>

6. Note Payable

On July 7, 2010, ReNEW entered into a promissory note to borrow \$300,000 from Building Hope, a Charter School Facilities Fund. The note bears interest at 4% and had a maturity date of July 27, 2011. Interest only payments are required on a monthly basis starting September 1, 2010. The loan is secured by funds disbursed to ReNEW by the State of Louisiana Department of Education pursuant to its grant award for the public charter school federal program under its grant award notification to ReNEW dated October 15, 2009. The loan balance of \$300,000 was outstanding at June 30, 2011.

In August 2011, ReNEW paid \$100,000 on the \$300,000 note payable with Building Hope. On September 1, 2011, ReNEW entered into a new promissory note with Building Hope for the remaining balance of \$200,000. The note bears interest at 4% and has a maturity date of February 12, 2012. Interest payments are required on a monthly basis starting October 1, 2010.

7. Functional Allocation of Expenses

Expenses have been reported in the statement of activities by natural classification. ReNEW presents functional classifications of expenses charged to program services. Instructional programs represent management's estimate of expenses that can be directly allocated to supporting classroom and teaching activities and programs. Supporting services include those expenses related to the administrative operations, including accounting and administrative functions and those expenses related to student services, including salaries and instructional materials.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

7. Functional Allocation of Expenses (continued)

Functional expenses for the year ended June 30, 2011 are as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Advertising	\$ 26,756	\$ -	\$ 26,756
Contract services	988,728	193,908	1,182,636
Dues, subscriptions, and fees	255,714	8,859	264,573
Facility, equipment, and maintenance	795,463	-	795,463
Instructional materials	886,631	-	886,631
Miscellaneous	91,432	-	91,432
Telephone, postage, and printing	223,775	8,942	232,717
Salaries and benefits	8,911,805	958,818	9,870,623
Student transportation	1,386,852	-	1,386,852
Technology	301,912	-	301,912
Travel, meetings, and staff development	120,912	15,779	136,691
Total expenses	<u>\$ 13,989,980</u>	<u>\$ 1,186,306</u>	<u>\$ 15,176,286</u>

Functional expenses for the year ended June 30, 2010 are as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Advertising	\$ 46,592	\$ -	\$ 46,592
Contract services	-	24,653	24,653
Dues and subscriptions	12,229	-	12,229
Facility, equipment, and maintenance	241,554	-	241,554
Instructional materials	238,089	-	238,089
Miscellaneous	15,233	8,562	23,795
Postage and printing	3,203	-	3,203
Salaries and benefits	296,887	342,814	639,701
Technology	113,917	-	113,917
Travel, meetings, and staff development	1,339	56,016	57,355
Total expenses	<u>\$ 969,043</u>	<u>\$ 432,045</u>	<u>\$ 1,401,088</u>

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

8. Credit Risk Concentration

ReNEW deposits its cash and cash equivalents with financial institutions in the greater New Orleans area. Non-interest bearing cash accounts at each financial institution are fully insured by the Federal Deposit Insurance Corporation. As of June 30, 2011 and 2010, all ReNEW's deposits are non-interest bearing; therefore, they were fully insured.

9. Retirement System

In July 2010, professional employees (such as teachers and principals) of SciTech Academy were enrolled to be members of the Teachers' Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Teachers' Retirement System of Louisiana (TRSL)

Plan description – The TRSL consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding policy - Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. ReNEW is required to contribute at an actuarially determined rate. The current rates are 20.2 percent of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRSL are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. ReNEW's employer contribution to the TRSL, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from ReNEW. ReNEW's contributions to the TRSL for the year ended June 30, 2011 were \$609,032; which is equal to the required contributions for the year.

10. 401(k) Plan

ReNEW has a 401(k) plan that was adopted in July 2010. Teachers at Batiste Academy and administrative personnel at ReNEW have the option of enrolling in ReNEW's sponsored 401(k). Employees 18 years of age and older are eligible to participate in the Plan after completing one hour of service in a twelve month period. Under the terms of the Plan, ReNEW matches employee contributions up to 4% of employee compensation. For the year ended June 30, 2011, ReNEW made \$39,352 in employer matching contributions to the plan.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

11. School Properties

On July 1, 2010, ReNEW entered into two lease agreements with the Recovery School District (RSD), which allows ReNEW to use the facilities and its contents located at 3128 Constance Street and 820 Jackson Avenue, or any other locations that may be approved by ReNEW and the Board. ReNEW began operating Batiste Cultural Arts Academy and SciTech Academy charter schools from these facilities in August 2010. The initial lease term is for three years and terminates on June 30, 2013. The lease agreement may be extended for an additional two years terminating on June 30, 2015 in the event the Louisiana Board of Elementary and Secondary Education extends the Charter contract for an additional two years. The RSD will forgo the payment of rent for the first year of the lease agreement. The RSD has the right to charge rent in subsequent years of the agreement.

Use of the property, including fixtures, furniture and equipment provided by the RSD is not recorded as an in-kind contribution. ReNEW is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations and rules.

12. Contingencies-Grant Programs

ReNEW participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that ReNEW has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2011 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and ReNEW.

13. Economic Dependency

ReNEW receives the majority of its revenue from the State of Louisiana Minimum Foundation Program Funding and from various federal grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds ReNEW receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds ReNEW will receive in fiscal year 2012 relating to its grant awards.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 30, 2011, and determined that the following items require disclosure.

Subsequent to year end, ReNEW was granted three additional charters for two alternative high schools and one K-8 elementary school. On July 1, 2011 ReNEW began operations of ReNEW Accelerated High School #1 – City Park Campus, ReNEW Accelerated High School #2 – West Bank Campus, and Reed Elementary. ReNEW Accelerated High School #1 – City Park Campus is located on the first floor of the John McDonough at 2426 Esplanade Avenue, New Orleans, LA 70119, ReNEW Accelerated High School #2 – West Bank Campus is located at 700 Lawrence Street, New Orleans, LA 70114, and Reed Elementary is located at 5552 Read Boulevard, New Orleans, LA 70127. All three schools opened to students on August 1, 2011.

On December 7, 2011, ReNEW was approved for two additional charters for an alternative high school and one K-8 elementary school to be opened no earlier than July 2013. The locations and names of the schools that will operate under the two additional charters are to be determined at a future date.

In August 2011, ReNEW paid \$100,000 on the Building Hope note payable described in Note 6. In September 1, 2011, ReNEW entered into a new promissory note with Building Hope for the remaining balance of \$200,000. The note bears interest at 4% and has a maturity date of February 12, 2012. Interest payments are required on a monthly basis starting October 1, 2011.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SINGLE AUDIT REPORTS

JUNE 30, 2011



A Professional Accounting Corporation

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RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SINGLE AUDIT REPORTS

JUNE 30, 2011

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

TABLE OF CONTENTS

JUNE 30, 2011

	Page
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7
Summary Schedule of Prior Audit Findings and Questioned Costs	14

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees,
ReNEW Charter Management Organization

We have audited the financial statements of ReNEW Charter Management Organization (ReNEW) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of ReNEW is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered ReNEW's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ReNEW's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ReNEW's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, as items 2011-01 through 2011-05, which we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ReNEW's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

ReNEW's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit ReNEW's response and, accordingly we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, and the Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Nottewill

New Orleans, Louisiana
December 30, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees,
ReNEW Charter Management Organization

Compliance

We have audited the compliance of ReNEW Charter Management Organization (ReNEW) (a nonprofit organization) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of ReNEW's major federal programs for the year ended June 30, 2011. ReNEW's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of ReNEW's management. Our responsibility is to express an opinion on ReNEW's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ReNEW's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of ReNEW's compliance with those requirements.

In our opinion, ReNEW complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those compliance requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of finding and questioned costs as item 2011-07.

Internal Control Over Compliance

Management of ReNEW is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered ReNEW's internal control over compliance with the requirements that could have a direct and material effect on a major federal

program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ReNEW's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-06 and 2011-07. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

ReNEW's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit ReNEW's responses, and accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of ReNEW as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, and the Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Nettowill

New Orleans, Louisiana
December 30, 2011

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education		
<u>Passed through the Louisiana Department of Education</u>		
Special Education - Grants to States	84.027A	\$ 370,453
Special Education - Preschool Grants	84.173A	2,744
Special Education Cluster		<u>373,197</u>
Public Charter School Grant	84.282A	707,960
Title I Grants to Local Education Agencies	84.010A	1,328,083
School Improvement Grants	84.377A	1,462,166
Title II, Part A, Teacher and Principal Training and Recruiting	84.367A	203,951
Educational Jobs Fund March Supplemental Allocation	84.410A	<u>179,624</u>
Total Federal Assistance Expended		<u><u>\$ 4,254,981</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

(1) **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of ReNEW Charter Management Organization (ReNEW). ReNEW's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2011. All federal awards received from federal agencies are included on the schedule.

(2) **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to ReNEW's financial statements for the year ended June 30, 2011.

(3) **Relationship to Basic Financial Statements**

Federal awards are included in the statement of activities and changes in net assets as federal government revenue.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified: no
- Significant deficiency(ies) identified: yes

Noncompliance material to the financial statements noted: no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: no
- Significant deficiency(ies) identified: yes

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in
accordance with Section 510(a) of OMB Circular A-133 yes

Identification of major programs:

U.S. Department of Education:	
Special Education Cluster	
Special Education - Grants to States	84.027A
Special Education - Preschool Grants	84.173A
Public Charter School Grant	84.282A
Title I Grants to Local Education Agencies	84.010A
School Improvement Grants	84.377A

Dollar threshold used to distinguish between type A
and type B programs \$300,000

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section II – Financial Statement Findings

Finding 2011-01 Balance Sheet Account Reconciliations

Condition: Account reconciliations are not being prepared on a monthly basis for all significant balance sheet accounts. When the account reconciliations are prepared, the review is not performed in a timely manner. The lack of proper procedures in performing the reconciliation process has impacted ReNEW's financial controls.

Criteria: Account reconciliations should be prepared in a timely manner for all significant balance sheet accounts. The reconciliations should be reviewed in a timely manner and the review should be documented.

Effect: As a result of the impact of the above, adjustments to balance sheet accounts including cash, fixed assets, and other liabilities were identified as part of the performance of audit procedures.

Cause: The growth of the organization and accounting staff turnover during the year contributed to difficulties in performing the significant balance sheet reconciliations.

Recommendation: ReNEW should implement a policy in which all significant balance sheet accounts including all cash accounts, account receivable, prepaid expenses, accounts payable, and other liabilities are reconciled on a monthly basis and reviewed for agreement to the general ledger. The review should be performed in a timely manner and be documented.

Management Response: Balance sheet account reconciliations are now prepared, reviewed, and documented on a monthly basis.

2011-02 Segregation of duties over payroll processing

Condition: The Director of Human Capital performs the data input of payroll amounts. There is limited review by management of the data input and payroll amounts funded for each payroll. Inadequate segregation of duties exists over the payroll processing.

Criteria: Adequate segregation of duties is an important aspect of an effective internal control environment.

Effect: Internal controls over the processing of payroll were not adequately designed or implemented during the year ended June 30, 2011.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section II – Financial Statement Findings (continued)

2011-02 Segregation of duties over payroll processing (continued)

Cause: The growth of the organization and accounting staff turnover during the year contributed to the difficulties with implementing adequate segregation of duties over the payroll process.

Recommendation: ReNEW should implement proper segregation of duties over the payroll process. Management should implement appropriate preventive or detective controls over the payroll process, including timely review of the payroll register by a member of the executive management team. This review should be documented.

Management Response: Proper segregation of duties over the payroll process, as well as preventative and detective controls, has been implemented. Payroll is reviewed by a member of management not involved in the processing of payroll. This review is documented.

2011-03 Authorization for employee salaries

Condition: As part of our internal control testing over the payroll process, we tested the controls over approved salary amounts. Of our sample of 40 items tested, management was unable to provide the signed offer letter for one employee. Of our sample of 40 items tested, there was an annual difference of \$5,000 between the amount per the offer letter and the amount paid for two employees tested. In each of the instances, we noted that the amount paid to employees was consistent with the annual budget approved by the Board; however, the offer letters either were not updated or did not exist.

Criteria: Adequate documentation of approval for authorized salary amounts should be maintained in each employee's personnel file.

Effect: Amounts paid to employees were not consistent with the offer letters provided to the employees.

Cause: The growth of the organization and accounting staff turnover during the year assisted with causing the problems with the lack of adequate documentation of authorized employee pay rates.

Recommendation: ReNEW should include appropriate documentation for approval for authorized salary amounts or changes in rate of pay in each employee's personnel file.

Management Response: The use of status change forms has been implemented for continuing employees and at-will employment documentation containing employee's salary and personnel information is maintained on site.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section II – Financial Statement Findings (continued)

Finding 2011-04 Disbursement control testing exceptions

Condition: As part of our testing over operating disbursements, we noted the following exceptions in our sample of items tested.

- Check amount of \$1,350 did not agree to the invoice amount of \$1,380;
- Check amount of \$510 did not agree to the invoice amount of \$530. We also noted that this vendor was paid twice – once by CMO and once by BCAA;
- Credit card transaction of \$179.96 did not have documented approval signature on the authorization form;
- Credit card transaction of \$5,280 did not have required second signature for disbursements in excess of \$5,000;
- Check amount of \$842.94 did not have supporting documentation.

Criteria: Internal controls over operating disbursements (including checks, wire transfers, and credit card transactions) should provide adequate supporting documentation that agrees to the disbursement amount, is consistent with ReNEW's policies, and has proper documented approval.

Effect: Operating disbursements are not adequately supported with documentation and the disbursement policies of ReNEW were not followed consistently throughout the year.

Cause: The growth of the organization and accounting staff turnover during the year contributed to the exceptions over operating disbursements described above.

Recommendation: ReNEW should ensure that supporting documentation is in agreement with the disbursement amount and that transactions are properly approved and documented in accordance with ReNEW's approved disbursement policies.

Management Response: Internal control policies over disbursements have been updated to ensure supporting documentation is in agreement with the disbursement amount and that transactions are properly approved.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section II – Financial Statement Findings (continued)

2011-05 Payroll tax compliance

Condition: As part of our testing, we noted the following items occurred during the year regarding payroll tax compliance

- In March 2011, management discovered that some part-time employees were classified as independent contractors and should have been classified as employees. Employee and employer portions of FICA taxes of \$54,016 relating to the reclassified employees were paid in full prior to June 30, 2011. In April 2011, management properly classified the disbursements as payroll related and included the wages on the appropriate payroll tax filings.
- In March 2011, management discovered that State of Louisiana unemployment taxes had not been remitted. At June 30, 2011, included in accounts payable is \$71,189 due to the State for tax due, interest, and penalties. As of the report date, ReNEW is still working with the State to resolve. In April 2011, management began properly filing and remitting amounts for State of Louisiana unemployment taxes.
- In October 2011, management discovered that employee withholding of FICA and Medicare taxes year to date was not correct. This primarily resulted from the employees that were paid as independent contractors and correctly reported as employees as described above. At June 30, 2011, included in accounts payable is \$7,199 relating to this.

Criteria: ReNEW is responsible for knowledge of and compliance with the State of Louisiana and federal payroll tax compliance requirements.

Effect: ReNEW was not in compliance with federal and state payroll compliance requirements.

Cause: The growth of the organization and accounting staff turnover during the year contributed to the noncompliance with the requirements for these payroll taxes.

Recommendation: ReNEW should ensure that they are in compliance with federal and state payroll compliance requirements and implement procedures and controls to ensure compliance. The required tax filings with the state and federal government should be completed and remitted in a timely manner.

Management Response: Procedures and controls have been updated to ensure compliance with state and federal payroll requirements. A third party payroll service that has successfully completed a SAS 70 audit has been engaged to process payroll.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section III – Federal Award Findings and Questioned Costs

2011-06 Allowable Costs- Authorization for employee salaries and review of time coding

Public Charter School Program CFDA# 84.282A
Special Education – Grants to Schools CFDA# 84.027A
Special Education – Preschool Grants CFDA# 84.173A
Title I CFDA# 84.010A
School Improvement CFDA# 84.377A

Condition: As part of our testing over the payroll process, we tested the controls over approved salary amounts. Of our sample of 44 employees selected for testing:

- Management was unable to provide the signed offer letters or approved pay rates for 19 employees.
- The pay rate for two employees did not agree to their offer letter.

Criteria: Adequate documentation of approval for authorized salary amounts should be maintained in each employee's personnel file. Time sheets should be reviewed for reasonableness and accuracy.

Effect: Amounts paid to employees were not consistent with the offer letters provided to the employees.

Cause: The growth of the organization and accounting staff turnover during the year contributed to difficulties in maintaining adequate documentation of authorized employee pay rates and review of time sheets.

Recommendation: ReNEW should include appropriate documentation for approval for authorized salary amounts or changes in rate of pay in each employee's personnel file.

Management Response: The use of status change forms has been implemented for continuing employees and at-will employment documentation containing employee's salary and personnel information is maintained on site. Time sheets are reviewed and verified by the employee's supervisor for accuracy.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section III – Federal Award Findings and Questioned Costs (continued)

2011-07 Reporting – Reimbursement Requests

Special Education – Grants to Schools CFDA# 84.027A

Special Education – Preschool Grants CFDA# 84.173A

Title I CFDA# 84.010A

School Improvement CFDA# 84.377A

Condition: We noted instances where management was not able to provide detailed listings of expenditures supporting the amounts requested for reimbursement for the Special Education, Title I, and School Improvement Grants. Reimbursement requests were not reviewed by a member of management before they were submitted to the State of Louisiana Department of Education. Subsequent to year-end, amounts requested for reimbursement were reconciled to the general ledger.

Criteria: All expenditures requesting reimbursement should be supported with proper documentation. The reimbursement request should be reviewed for accuracy prior to submission to the State.

Effect: Subsequent to year-end, the expenditures charged to the grant were reconciled to the general ledger.

Cause: ReNEW's policies and procedures did not provide for adequate oversight of reimbursement requests. The reimbursement requests were not reconciled to the general ledger.

Recommendation: ReNEW should develop policies and procedures to adequately ascertain that information related to the grant reimbursement request is accurate and complete.

Management Response: Reimbursement requests are submitted to the Louisiana Department of Education with detailed listings of expenditures that support the amount requested for reimbursement. Documentation of the reimbursement request and the detailed listing of expenditures that support review of the reimbursement request are maintained on site.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

2010-01 Balance Sheet Account Reconciliations

Recommendation: ReNEW should implement a policy in which all significant balance sheet accounts including all cash accounts, account receivable, prepaids, and accounts payable are reconciled on a monthly basis and reviewed for agreement to the general ledger.

Current Status: Partially resolved. Management did reconcile accounts at year end for the 2011 audit; however, the reconciliation of balance sheet accounts was not prepared on a monthly basis. See current year finding 2011-01.

2010-02 Reimbursement Request

Recommendation: ReNEW should develop policies and procedures to adequately ascertain that information related to the grant reimbursement request is accurate and complete.

Current Status: Not resolved. See current year finding 2011- 07.

RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

PERFORMANCE AND STATISTICAL DATA

FOR THE YEAR ENDED JUNE 30, 2011



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RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

PERFORMANCE AND STATISTICAL DATA SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2011

Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Directors
ReNew – Reinventing Education
New Orleans, Louisiana:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of ReNew – Reinventing Education (ReNew) and the Legislature Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of ReNew and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin as related to the limited procedures performed herein. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 40 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue, and
- Total State Revenue in Lieu of Taxes.

We noted no exceptions.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to ReNew supporting payroll records as of October 1st.

We noted no exceptions.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

We noted no exceptions.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

We noted no exceptions.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

We noted no exceptions.

Experience of Public School Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

We noted no exceptions.

Public School Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

We noted no exceptions.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

We noted no exceptions.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

We noted no exceptions.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by ReNew.

We noted no exceptions.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We noted during the year ended June 30, 2011 the two ReNew schools operated Kindergarten through Eighth grade classes. The Graduation Exit Exam was not issued to any students.

The Iowa Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by ReNew.

We noted no exceptions.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the ReNew, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Nettowill

New Orleans, Louisiana
December 30, 2011

RENEW - REINVENTING EDUCATION
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
JULY 1, 2010 - JUNE 30, 2011

SCHEDULE 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 2,163,442	
Other Instructional Staff Activities	491,699	
Employee Benefits	1,042,031	
Purchased Professional and Technical Services	336,297	
Instructional Materials and Supplies	217,197	
Instructional Equipment	(118,221)	
Total Teacher and Student Interaction Activities		\$ 4,132,444

Other Instructional Activities

\$ 4,132,444

Pupil Support Activities

\$ 255,075

Less: Equipment for Pupil Support Activities

Net Pupil Support Activities

\$ 255,075

Instructional Staff Services

\$ 44,489

Less: Equipment for instructional staff services

Net Instructional Staff Services

\$ 44,489

School Administration

\$ 950,785

Less: Equipment for School Administration

Net School Administration

\$ 921,929

Total General Fund Instructional Expenditures

\$ 5,353,937

Total General Fund Equipment Expenditures

\$ (147,077)

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -	
Renewable Ad Valorem Tax	-	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes	-	
Sales and Use Tax	-	
Total Local Taxation Revenue		\$ -

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		\$ -

Nonpublic Textbook Revenue

\$ -

Nonpublic Transportation Revenue

\$ -

Prepared by ReNew - Reinventing Education

Schedule 2:

**Education Level of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2010**

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	0%	-	0%	-	0%	-	0%
Bachelor's Degree	48	81%	5	50%	5	45%	1	100%
Master's Degree	11	19%	5	50%	5	45%	-	0%
Master's Degree +30	-	0%	-	0%	-	0%	-	0%
Specialist in Education	-	0%	-	0%	-	0%	-	0%
Ph. D. or Ed. D.	-	0%	-	0%	1	9%	-	0%
Total	59	100%	10	100%	11	0.0%	1	100%

**Schedule 3: Number and Type of Public Schools
For the Year Ended June 30, 2011**

Type	2011
	Number
Elementary	0
Middle/Jr. High	0
Secondary	0
Combination	2
Total	2

Note: Schools opened or closed during the fiscal year are included in this schedule.

Schedule 4:

**Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers
As of October 1, 2010**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	2.0	3.0	1.0	-	-	-	6.0
Classroom Teachers	14.0	34.0	17.0	2.0	-	1.0	1.0	69.0
Principals	-	-	4.0	1.0	1.0	-	-	6.0
Total	14.0	36.0	24.0	4.0	1.0	1.0	1.0	81.0

Prepared by ReNew - Reinventing Education

Schedule 5: Public School Staff Data For the Year Ended June 30, 2011

2011	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$46,424	\$46,424
Average Classroom Teacher's Salary Excluding Extra Compensation	\$45,957	\$45,957
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	69	69

Note: Figures reported include all sources of funding (i.e. federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

Prepared by ReNew - Reinventing Education

Schedule 6: Class Size Characteristics
As of October 1, 2010

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	30.21%	58	63.02%	121	6.77%	13	0.00%	-
Elementary Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Middle/Junior High	47.52%	48	24.75%	25	27.72%	28	0.00%	-
Middle/Junior High Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-
High	0.00%	-	0.00%	-	0.00%	-	0.00%	-
High Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Combination	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Combination Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**Schedule 7: Louisiana Educational Assessment Program (LEAP 21) for the 21st Century
For the Year Ended June 30, 2011**

District Achievement Level Results	English Language Arts		Mathematics	
	2011		2011	
	Number	Percent	Number	Percent
Grade 4				
Advanced	0	0%	1	1%
Mastery	10	5%	8	4%
Basic	63	32%	71	36%
Approaching Basic	62	32%	47	24%
Unsatisfactory	61	31%	68	35%
Total	196	100%	195	100%

District Achievement Level Results	Science		Social Studies	
	2011		2011	
	Number	Percent	Number	Percent
Grade 4				
Advanced	1	1%	1	1%
Mastery	5	3%	5	3%
Basic	61	31%	78	40%
Approaching Basic	78	39%	52	26%
Unsatisfactory	53	27%	61	31%
Total	198	100%	197	100%

NOTE: Spring 2011 LEAP 21 test data should be used to prepare this schedule.

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(continued)

**Schedule 7: Louisiana Educational Assessment Program (LEAP 21) for the 21st Century
For the Year Ended June 30, 2011, Continued**

District Achievement Level Results	English Language Arts		Mathematics	
	2011		2011	
	Number	Percent	Number	Percent
Grade 8				
Advanced	1	1%	0	0%
Mastery	7	5%	1	1%
Basic	30	23%	38	29%
Approaching Basic	66	50%	38	29%
Unsatisfactory	29	22%	56	42%
Total	133	100%	133	100%

District Achievement Level Results	Science		Social Studies		
	2011		2011		
	Students	Number	Percent	Number	Percent
Grade 8					
Advanced		0	0%	0	0%
Mastery		5	4%	0	0%
Basic		17	13%	29	22%
Approaching Basic		39	30%	49	37%
Unsatisfactory		71	54%	56	42%
Total		132	100%	134	100%

NOTE: Spring 2011 LEAP 21 test data should be used to prepare this schedule.

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**Schedule 8: The Graduation Exit Examination for the 21st Century (GEE21)
For the Year Ended June 30, 2011**

District Achievement Level Results	English Language Arts		Mathematics	
	2011		2011	
Students	Number	Percent	Number	Percent
Grade 10				
Advanced	0	0%	0	0%
Mastery	0	0%	0	0%
Basic	0	0%	0	0%
Approaching Basic	0	0%	0	0%
Unsatisfactory	0	0%	0	0%
Total	0	0%	0	0%

District Achievement Level Results	Science		Social Studies	
	2011		2011	
Students	Number	Percent	Number	Percent
Grade 10				
Advanced	0	0%	0	0%
Mastery	0	0%	0	0%
Basic	0	0%	0	0%
Approaching Basic	0	0%	0	0%
Unsatisfactory	0	0%	0	0%
Total	0	0%	0	0%

NOTE: ReNew does not currently manage any high schools, not applicable.

Prepared by ReNew - Reinventing Education

Schedule 9: iLEAP Test Results

District Achievement Level Results	English Language		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	2	2%	1	1%	1	1%	1	1%
Mastery	5	4%	10	8%	4	3%	4	3%
Basic	37	28%	48	36%	37	28%	40	30%
Approaching Basic	35	26%	31	23%	49	37%	41	31%
Unsatisfactory	54	41%	43	32%	42	32%	47	35%
Total	133	100%	133	100%	133	100%	133	100%

District Achievement Level Results	English Language		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5					3			
Advanced	0	0%	1	1%	0	0%	0	0%
Mastery	5	4%	3	3%	7	6%	8	7%
Basic	43	38%	52	46%	40	35%	46	40%
Approaching Basic	46	41%	29	26%	48	42%	38	33%
Unsatisfactory	18	16%	28	25%	20	17%	23	20%
Total	112	100%	113	100%	115	100%	115	100%

District Achievement Level Results	English Language		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	3	3%	1	1%	3	3%
Mastery	6	6%	2	2%	7	7%	7	7%
Basic	46	47%	66	68%	41	42%	40	41%
Approaching Basic	27	28%	10	10%	34	35%	25	26%
Unsatisfactory	18	19%	16	16%	14	14%	22	23%
Total	97	100%	97	100%	97	100%	97	100%

District Achievement Level Results	English Language		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	1	1%	1	1%	0	0%	0	0%
Mastery	5	6%	4	4%	3	3%	0	0%
Basic	42	47%	44	49%	45	51%	43	48%
Approaching Basic	34	38%	26	29%	27	30%	29	33%
Unsatisfactory	7	8%	14	16%	14	16%	17	19%
Total	89	100%	89	100%	89	100%	89	100%